

RECORDATION NO. 24661 FILED

OCT 24 '03 1-36PM

SURFACE TRANSPORTATION BOARD

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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

October 28, 2003

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Loan and Security Agreement, dated as of October 14, 2003, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lender: Compass Rail II
750 Battery Street, Suite 430
San Francisco, California 94111

Borrower: Greenway Equipment, Ltd.
261W. Johnstown Road
Columbus, OH 43230

Mr. Vernon A. Williams
October 24, 2003
Page 2

A description of the railroad equipment covered by the enclosed document
is:

60 gondola cars: BAR 13000 – BAR 13059.

A short summary of the document to appear in the index is:

Loan and Security Agreement.

Also enclosed is a check in the amount of \$30.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

LOAN AND SECURITY AGREEMENT

Execution

THIS LOAN AND SECURITY AGREEMENT dated as of October 14, 2003 between COMPASS RAIL II, a California corporation, (the "Seller" or the "Lender"), and Greenway Equipment, Ltd., an Ohio limited liability company (the "Buyer" or the "Borrower").

WHEREAS, Seller has agreed to sell to Buyer the Railcars (as hereinafter defined) pursuant to a Railcar Sale Agreement of even date herewith (the "Sale Agreement") and under the Sale Agreement has agreed to loan to Buyer a portion of the purchase price to be paid by Buyer for the Railcars, and

WHEREAS, Buyer has executed and delivered to Seller a Secured Promissory Note in the form attached hereto as Exhibit A (the "Note") of even date herewith under which Buyer will pay the balance of the purchase price for the Railcars, and

WHEREAS, Buyer agreed to grant Seller a purchase money security interest in the Railcars to secure its obligations under the Note, as hereinafter set forth.

WITNESSETH:

ARTICLE ONE: DEFINITIONS

As used in this Loan and Security Agreement, the following terms shall have the following meanings (such meaning to be equally applicable to both the singular and plural forms of terms):

"Agreement" means this Loan and Security Agreement, including all Schedules, Exhibits, and Supplements hereto, if any, as the same may from time-to-time be amended, supplemented or otherwise modified.

"Business Day" means any day except a Saturday, Sunday or legal holiday on which commercial banking institutions are not open for business in Columbus, Ohio or San Francisco, California.

"Closing" and "Closing Date" shall have their respective meanings specified in Section Six of Article A hereof.

"Collateral" means the Railcars and all other property, interests and rights described or referred to in Article Three hereof which are subject or intended to be subject to the lien and security interest created by this Agreement.

"Default" means any of the events specified in Article Five hereof, whether or not there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act.

"Default Interest Rate" means the interest rate per annum equal to **Twelve Percent (12%)**.

"Event of Default" means any of the events specified in Section Five of Article A hereof, provided that there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act.

"Guarantees" means the Guarantees dated as of the date hereof by the Guarantors in favor of Lender.

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"Guarantors" means Daniel Slane and Charles Slane.

"Hereto", "herein", "hereof", "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision of this Agreement unless the context otherwise indicates.

"Indebtedness" means, as to any Person, all items of indebtedness, obligation or liability, whether matured or unmatured, liquidated or unliquidated, direct or contingent, joint or several, including, without limitation (i) all indebtedness guaranteed, directly or indirectly, in any manner or endorsed (other than for collection or deposit in the ordinary course of business) or discounted with recourse, (ii) all indebtedness in effect guaranteed, directly or indirectly, through agreements, contingent or otherwise, (iii) all indebtedness secured by (or for which the holder of such indebtedness has a right, contingent or otherwise, to be secured by) any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance upon property owned or acquired subject thereto, whether or not the liabilities secured thereby have been assumed; and (iv) all indebtedness incurred as the lessee of goods or services under leases that in accordance with GAAP, should not be reflected on the lessee's balance sheet.

"Lien" means any mortgage, pledge, hypothecation, assignment, security interest, lien, charge or encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any lease having substantially the same economic effect as a conditional sale or title retention agreement, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction).

"Loan" means the aggregate amount of the payments due under the Note.

"Loan Documents" means the agreements, documents, certificates and instruments delivered or to be delivered from time to time in connection with the Loan, including without limitation, this Agreement, the Note and (when appropriate) the Guarantees.

"Note" means the promissory note made by the Borrower to the order of the Lender, executed pursuant hereto in substantially the form of Exhibit A attached hereto and any promissory notes made by the Borrower in exchange or substitution for such Note.

"Obligations" means, collectively, all of the indebtedness, obligations and liabilities existing on the date hereof or arising from time to time hereafter, whether direct, indirect, absolute, contingent, joint or several, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, of Borrower to the Lender (i) in respect of the Loan made pursuant to this Agreement, or (ii) under or in respect of any one or more of the Loan Documents. Obligations shall also include all interest and other charges chargeable hereunder to Borrower or due hereunder from Borrower to the Lender from time to time and all costs and expenses due and payable under the terms of this Agreement.

"Permitted Liens" means Liens for taxes, assessments, or similar charges, incurred in the ordinary course of business that are not yet due and payable and Liens in favor of the Lender.

"Person" means any individual, corporation, partnership, joint venture, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Railcar" and "Railcars" means, individually and collectively, the sixty (60) 7,200 cfc gondola railcars bearing the reporting marks BAR 13000 – 13059, with all modifications, improvements and

accessions thereto installed thereon from time to time.

"Surface Transportation Board" means the Surface Transportation Board of the Department of Transportation or any successor thereto.

"Total Loss" shall mean with respect to Railcar loss, damage or beyond economic repair to such an extent that Borrower shall be entitled to receive Depreciated Value as defined under the regulations of the American Association of Railroads or insurance proceeds with respect to a total loss thereof.

"UCC" or "Uniform Commercial Code" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of Ohio; provided, however, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of Lender's security interest in any of the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection, or priority and for purposes of definitions related to such provisions.

ARTICLE TWO: THE LOAN.

Section A. Purpose

Seller has made the Loan to Borrower, and Borrower shall use the proceeds of the Loan, solely to purchase the Railcars from the Seller.

Section B. Note; Interest Rate

The Loan shall be evidenced by the Note, the form of which is attached hereto as Exhibit A. Amounts borrowed and repaid or prepaid may not be reborrowed. The Note shall be dated the date of purchase of the Railcars. Interest shall be due as specified in the Note unless otherwise specified below.

If an Event of Default shall occur, the outstanding principal and all accrued interest, as well as any other Obligations due Lender hereunder or under any Loan Document, shall bear interest from the date on which such amount shall have first become due and payable to Lender to the date on which such amount shall be paid to Lender (whether before or after judgment), at the Default Interest Rate. Interest will continue to accrue until the Obligations are discharged (whether before or after judgment).

Notwithstanding anything to the contrary in the Loan Documents, no interest will be collectible in excess of the maximum rate allowed by applicable law.

Section C. Payments: Prepayment from Total Loss; Optional Prepayment

Principal amounts shall be due under the Note on the dates ("Payment Dates") and in the amounts specified in the Note, provided that, in any event, the last installment payable on the Note shall be in an amount sufficient to pay in full the entire unpaid principal amount of such Note, together with all accrued but unpaid interest thereon. All of the Obligations evidenced by the Note shall, if not sooner due and payable as provided in this Agreement, be in any event absolutely and unconditionally due and payable in full by Borrower one year from the date hereof.

In the event of a Total Loss of any Railcar, Borrower shall pay to the Lender an portion of the then-outstanding principal balance of the Note as of the date of such payment calculated by dividing the number of Railcars suffering a Total Loss by the number of Railcars which were subject to this financing

immediately prior to such Total Loss, together with any other payments owing under this Agreement which are attributable to such Railcar. Such prepayment shall be made on a Payment Date within the sixty (60) day period following such Total Loss. After such payment, all insurance proceeds with regard to such car(s) shall go to Borrower.

Upon such prepayment following a Total Loss, future installments due under such Note prior to maturity shall be reduced in accordance with the portion of the Loan attributable to any such Railcar suffering such Total Loss. Upon the Borrower's compliance with the foregoing provisions, the Lender will, upon Borrower's request, if no Default or Event of Default has occurred and is continuing, execute and deliver to Borrower such instruments as shall be necessary to release each such Railcar from the lien and security interest of this Agreement (without recourse to, or representation or warranty by, the Lender).

Borrower may prepay the outstanding balance of the Note at any time on not less than two business days' prior notice to Lender without penalty and, with respect to any monthly installments due under the Note which are then unpaid, reducing the amount of such monthly installments to Twenty-Five Thousand Dollars (\$25,000.00), but without other changes to any other amounts due under the Note.

Section D. Manner of Payments and Computation of Interest

All payments (including prepayments) by the Borrower on account of principal of and interest on the Note shall be made to the Lender as specified in the Note (or at such other place as the Lender shall notify the Borrower in writing), not later than 12:00 p.m. Pacific Time, on the due date of such payments in lawful money of the United States of America and in immediately available funds.

If any payment to be made under the Note becomes due on a day that is not a Business Day, such payment shall be made on the immediately succeeding Business Day.

The payments received by the Lender from Borrower with respect to the Obligations shall be applied as follows:

No Event of Default. If the Note has not been accelerated pursuant to the terms of this Agreement and if no Event of Default hereunder or under the Note or any of the other Loan Documents shall have occurred and be continuing at the time the Lender receives such payments, in the following manner: (a) first, to the payment of all fees, charges, and other sums (with exception of principal and interest) due and payable to the Lender under the Note, this Agreement or the other Loan Documents at such time; (b) second, to the payment of all of the interest which shall be due and payable on the principal of the Note at the time of such payment; and (c) third, to the payment of such amount of principal of the Note that is then due.

Event of Default. If the Note has been accelerated pursuant to the terms of this Agreement, or if an Event of Default hereunder shall have occurred and be continuing hereunder or under the Note or any of the other Loan Documents at the time the Lender receives such payments, in the following manner: (a) first, to the payment or reimbursement of the Lender for all costs, expenses, disbursements and losses which shall have been incurred or sustained by the Lender in or incidental to the collection of the Obligations owed by Borrower hereunder or the exercise, protection, or enforcement by the Lender of all or any of the rights, remedies, powers and privileges of the Lender under this Agreement, the Note, or any of the other Loan Documents and in and towards the provision of adequate indemnity to the Lender against all taxes or Liens which by law shall have, or may have priority over the rights of the Lender in and to such payments and (b) second, to the payment of all of the Obligations.

When interest is due under the terms of this Agreement, interest on the Note shall be calculated on the basis of a three hundred sixty (360) day year composed of twelve (12) months each having thirty (30) days.

ARTICLE THREE: COLLATERAL FOR THE LOAN; GRANT OF SECURITY INTEREST

As collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration, or otherwise) of all the Obligations, including, without limitation, with respect to the Loan and the Loan Documents relating thereto, and to induce the Lender to make the Loan, and to secure the performance and observance by Borrower of all of its agreements and conditions applicable to it contained herein or in any other Loan Documents, Borrower hereby grants, bargains, assigns, warrants, conveys, mortgages, pledges, hypothecates and transfers to the Lender a first priority, continuing security interest and Lien in, with power of sale, to the Lender and to its successors and assigns forever, in all of Borrower's right, title and interest (whether owned now or hereafter acquired) in and to the Railcars, together with all accessories, fixtures, software, manuals, components, parts, attachments and appurtenances appertaining or attached to any of the Railcars, whether now owned or hereafter acquired, and all additions, substitutions, renewals and replacements of, and improvements to, any and all of the Railcars, wherever located, together with all the rents, proceeds, issues, income, profits and avails thereof including proceeds of insurance policies with respect thereto; and all accessions to, substitutions for and replacements, products and proceeds of any of the foregoing (the "Collateral").

ARTICLE FOUR: REPRESENTATIONS AND WARRANTIES; COVENANTS

Section A. Representations and Warranties of Borrower.

In order to induce the Lender to enter into this Agreement and to make the Loan, the Borrower makes the following representations and warranties to the Lender:

Existence. The Borrower is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Ohio.

Power and Authority. The Borrower has full power, authority and legal right, governmental permits, consents and licenses, and other authorizations which are necessary to own its properties and to transact the business in which it is engaged.

Qualification. The Borrower is qualified and licensed, admitted or approved to do business in each jurisdiction in which the conduct of its business or the ownership of its assets requires such qualification.

Transaction Authority and Proceedings. The Borrower has all requisite power, authority and legal right to execute, deliver and perform all of its obligations under this Agreement, the Note, and the other Loan Documents; and the execution, delivery and performance by the Borrower of this Agreement, the Note, and the other Loan Documents have been duly authorized by all necessary corporate action, and do not and will not require any consent or approval of any other party (including the stockholders of the Borrower).

No Legal Bar. The execution, delivery and performance by the Borrower of this Agreement, the Note, and the other Loan Documents do not and will not violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award having applicability to the Borrower or of the Articles of Incorporation or Corporate By-Laws of the Borrower nor result in a breach of or constitute a default under any existing indebtedness, mortgage, indenture, loan or credit agreement,

or any other agreement, lease or instrument to which the Borrower is a party or by which the Borrower or its property may be bound or affected; nor result in the creation or imposition of any Lien on any of the properties or assets of the Borrower except as contemplated by this Agreement and the other Loan Documents.

Execution, Binding Effect. This Agreement and all other Loan Documents when executed and delivered by the Borrower will constitute, legal, valid and binding obligations of the Borrower enforceable against it in accordance with their respective terms (subject to applicable bankruptcy and insolvency laws and other laws affecting creditor's rights generally).

Litigation. There are no actions, suits, investigations, claims or proceedings (whether or not purportedly on behalf of the Borrower) pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or the properties of the Borrower before any court, arbitrator or governmental body which (a) relate to any of the Collateral or to any of the transactions contemplated by this Agreement, or (b) would, if determined adversely to Borrower have a material adverse effect on the financial condition, business or operations of the Borrower or the ability of the Borrower to perform its obligations under this Agreement, the Note or the other Loan Documents.

Default. The Borrower is not in default and no condition exists which, with the passing of time, and/or the giving of notice would constitute a default or an event of default under any existing Indebtedness of Borrower, or any order, writ, judgment, injunction, decree, determination, award, indenture, agreement, lease or other instrument to which the Borrower is a party or by which the Borrower is subject or bound.

Government Consents, Registration, Etc. No authorization, consent, approval, license, exemption, filing, qualification or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, is or will be necessary in connection with the execution, delivery or performance by the Borrower of any of this Agreement, the Note and the other Loan Documents or the transactions contemplated hereby or thereby except for any UCC filings and filings with the Surface Transportation Board contemplated by this Agreement.

Principal Office; Name. The principal place of business, the chief executive office and the place at which the books and records of the Borrower from and after the Closing are kept shall be 261 West Johnstown Road, Columbus, OH 43230. The name of the Borrower shall not be changed prior to payment of all Obligations.

Private Offering. The Borrower has not, either directly or indirectly, offered the Note or any similar security of the Borrower to, or solicited offers to acquire from, or otherwise approached or negotiated with respect thereto with, any Person other than Lender. Neither the Borrower nor anyone acting on its behalf shall offer the Note or any part thereof or any similar securities for issue or sale to, or solicit any offer to acquire any of the same from, anyone so thereby as to bring the issuance of the Note within the provisions of Section 5 of the Securities Act of 1933, as the same may be amended from time to time.

Taxes. The Borrower has filed all tax returns (Federal, state and local) required to be filed (except those as to which valid extensions of time have been granted) and paid all taxes, assessments, fees and other governmental charges imposed upon Borrower or upon any of its properties, income or franchises, which are due and payable (except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided).

Title to Properties; Absence of Liens and Encumbrances, Etc. Upon closing of the purchase

thereof, Borrower has good and valid title to the Railcars, free and clear of all Liens (except the liens and security interests created by this Agreement), security interests and encumbrances arising by, through or under Borrower, except for Permitted Liens.

Railcars. Borrower represents and warrants that upon the filing of the UCC-1 financing statements contemplated by this Agreement and the filing of this Agreement with the Surface Transportation Board, Lender shall have a valid first priority security interest in all of the Railcars.

Compliance With Law. The Borrower is in compliance with all applicable statutes, laws and regulations affecting its property or the operation of its business.

Disclosure. No representation, information, exhibit or report furnished by the Borrower to the Lender in connection with the negotiation of the Loan, or the Loan Documents contains any material misstatement of fact or omits to state a material fact necessary to make the statements contained therein not misleading.

Section B. Representations and Warranties of the Lender.

The Lender makes the following representations and warranties to the Borrower.

Corporate Organization. The Lender is a corporation duly organized, validly existing and in good standing under the laws of the state of California and has all requisite power and authority to carry on its business as now conducted.

Investment Representation. The Lender is acquiring the Note in the ordinary course of its business for its own account for investment and not with a view to any resale or distribution thereof.

Corporate Authority. The Lender has taken all corporate action necessary to authorize the execution, delivery and performance of all obligations on its part to be performed hereunder.

Section C. Survival of Representations

All representations and warranties made by the Borrower and the Lender in this Agreement and the other Loan Documents shall survive the execution and delivery of such instrument and the making of the Loan.

Section D. Covenants

The Borrower covenants and agrees that from the date of this Agreement until all of the principal amount of and interest due on the Note and all other amounts due hereunder shall have been duly paid in full in lawful money the Borrower will comply with the following covenants:

Financial Statements and Reports. The Borrower will maintain an adequate system of accounting in which complete entries are made in accordance with federal tax basis accounting reflecting all financial transactions of the Borrower and the Borrower will furnish to the Lender on request such financial statements, reports regarding the status and disposition of the Railcars and other related information as Lender may request.

Maintenance of Existence. The Borrower will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and do all things necessary to preserve its corporate existence, rights, and franchises.

Merger. The Borrower will not directly or indirectly, merge or consolidate with or into, any Person without the prior written consent of Lender.

Disposition of Assets. With the exception of the Sublease, the Borrower will not sell, assign, lease or otherwise dispose of any of the Railcars or other Collateral subject to the Lien of this Agreement, and Borrower will not sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its properties and assets, without the prior written consent of the Lender.

Compliance with Laws. The Borrower will comply with all requirements, specifications and standards prescribed by any law, rule or regulation of any governmental body or industry association to which it may be subject and maintain and keep in full force and effect all franchises, licenses, permits, approvals or certificates required by governmental authorities material to the conduct of its business.

The Borrower will (A) comply (including, without limitation, with respect to the use, maintenance and operation of the Railcars), with all laws and rules of the jurisdictions in which its or such user's operations involving the Railcars may extend, with any other governmental authority or industry association exercising any power or jurisdiction over the Railcars, to the extent that such laws or rules affect the title, operation or use of the Railcars, and in the event that such laws or rules require any alternation, replacement or addition of or to any part of the Railcars, the Borrower will conform therewith at its own expense and (B) comply with all other applicable laws and regulations of any governmental authority or industry association relative to the conduct of its business or the ownership of its properties or assets, provided that the Borrower may, in good faith, contest the validity or application of any such law or rule by appropriate proceedings which do not, in the opinion of the Lender, involve any reasonable danger of the sale, forfeiture or loss of the Railcars or any part thereof.

Principal Office. Borrower will maintain its principal place of business, chief executive office and the place at which its books and records are kept within the United States of America, and will not change the location of its principal place of business, its chief executive office or the place at which its books and records are kept from the address specified in this Agreement hereof unless Borrower shall have given the Lender at least thirty (30) days prior written notice of such change.

Default Notice. The Borrower will give prompt notice in writing to the Lender of any Default or Event of Default hereunder or of any condition which with the passage of time or the giving of notice or both would give rise to a Default or an Event of Default hereunder.

Further Assurances. As requested by the Lender, the Borrower will, at its sole cost and expense, do, execute, acknowledge and deliver all further acts, supplements, mortgages, security agreements, conveyances, transfers and assurances necessary or advisable for the perfection and preservation of the lien and security interest created by this Agreement in the Collateral, whether now owned or hereafter acquired. The Borrower will cause all financing and continuation statements, security agreements, assignments, affidavits, reports, notices and documents, in form and substance satisfactory to the Lender, to be filed as may be required by law in order fully to preserve and protect the rights of the Lender hereunder and as shall be necessary or desirable in the Lender's opinion to perfect and maintain perfected the Lender's security interest in the Collateral and to maintain the priority of such security interest. The Borrower hereby authorizes the Lender as the Borrower's agent and attorney-in-fact to execute and file on the Borrower's behalf in any appropriate office, UCC financing statements and continuation statements signed by Lender alone.

Taxes and Other Claims. The Borrower will promptly pay and discharge all taxes, assessments and governmental charges and levies upon it or its income, profits or property, real, personal or mixed, or

any part thereof, and all lawful claims for labor, materials and supplies which, if unpaid, might by law become a Lien upon the Collateral, provided, however, that the Borrower shall not be required to pay or cause to be paid any tax, assessment, charge, levy or claim which is contested in good faith by appropriate proceedings and with respect to which it shall have set aside or caused to be set aside on its books reserves adequate therefor.

Insurance. The Borrower shall maintain, or cause to be effective and maintained, insurance on the Railcars as follows:

1. All Risk Property, including in-transit (after delivery of the Railcars to Borrower) Insurance on the Property in Lender's Inventory throughout the term of this Agreement in an amount not less than \$19,000 per Railcar with deductible not in excess of \$100,000, with Lender named as an additional insured and loss payee thereunder. Losses to Railcars will be adjusted between Lender and Borrower as their interests may appear.
2. Comprehensive general and railcar liability insurance in an amount not less than \$2,000,000 insuring against loss, damage or injury to property or persons that might arise out of Borrower's activities and including personal injury liability, property damage, independent contractors and broad form contractual liability coverage specifically in support of the indemnity obligations of Borrower contained in this Agreement, naming Lender as an additional insured and loss payee.

The Borrower shall provide certificates of insurance to the Lender and the certificates evidencing the coverages required by this provision upon execution of this Agreement and upon policy renewal thereafter for the term of this Agreement. All policies shall (i) provide for a thirty (30) day notice to the Lender of cancellation or material change to the insurances required hereby, (ii) be endorsed to include breach of warranty protection in favor of the Lender and all other additional insureds, (iii) include a waiver of all rights of subrogation against the Lender by the insurer(s) and (iv) not require payment of premiums by Lender under any circumstances. Borrower agrees that all required insurance will be written on forms acceptable to Lender and by companies which are acceptable to Lender. All premiums and any deductibles under the insurance required by this Schedule shall be the sole responsibility of the Borrower.

Total Loss. Borrower, upon obtaining knowledge thereof, will notify the Lender promptly of any Total Loss.

Maintenance of Railcars. The Borrower will do all things necessary to materially maintain, preserve, protect and keep the Railcars in good repair, working order and condition (or cause any lessee to do so), and make all necessary and proper repairs, renewals and replacements (or cause any lessee to do so) so that its business carried on in connection therewith may be properly and advantageously conducted at all times.

Litigation. The Borrower will deliver to the Lender immediately after the commencement thereof, notice in writing of all actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Collateral.

Inspection. The Borrower will permit the Lender, its representatives and agents, to visit and inspect any of the Collateral and any of the books and records of the Borrower pertaining to the Collateral.

Liens. Borrower will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any Lien, claim or right in or to the Collateral arising by, through or under Borrower (other than Permitted Liens), and will defend the right, title and interest of the Lender in and to the Collateral and the proceeds of all of the foregoing against the claims and demands of all Persons arising by, through or under Borrower. The Borrower will advise the Lender promptly, after acquiring knowledge thereof, in reasonable detail, of any Lien or claim made or asserted against any of the Collateral and of any event affecting the Lender's lien on and security interest in the Collateral.

No Voluntary Bankruptcy. To the extent the Borrower may lawfully so agree, the Borrower agrees not to commence any case, proceeding or other action under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or seek appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or make a general assignment for the benefit of its creditors; and the Borrower shall not take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth above.

Indemnity. In any suit, proceedings or action brought by the Lender to enforce any provisions hereof, the Borrower will save, indemnify and keep the Lender harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever, as the case may be, arising out of a breach by the Borrower of any obligation under the Note or this Agreement.

Section E. Acknowledgement of Lender's Rights under Section 1168 of the Bankruptcy Code

Borrower hereby acknowledges that Lender is a secured party with a security interest in the Railcars within the meaning of Section 1168 of the Bankruptcy Code (11 U.S.C. Sec. 1168).

ARTICLE FIVE: DEFAULTS AND REMEDIES

Section A. Events of Default.

The occurrence of any one or more of the following events shall constitute an Event of Default, provided that there has been satisfied any requirement in connection with such event for the giving of notice or the lapse of time, or the happening of any further condition, event or act, it being agreed that time is of the essence hereof:

Payment. Failure to pay any installment of principal of, or interest to the Note when due or any other amount due the Lender under this Agreement for a period of **ten (10)** days after the same becomes due; or

Misrepresentation. Any representation or warranty made by the Borrower in this Agreement or in any Loan Document, including any certificate, agreement, instrument or written statement contemplated hereby or made or delivered pursuant hereto or in connection herewith, shall prove to have been incorrect in any material respect as of the date on which made; or

Breach of Covenant. Failure by the Borrower in the observance or performance of any other material term, covenant or agreement contained in, or made in connection with, this Agreement or any Loan Document on its part to be performed or observed and any such failure shall remain unremedied for ten (10) days after written notice from Lender to Borrower;

Insolvency. The Borrower shall be or become insolvent, or be adjudicated a bankrupt or insolvent, or admit its inability to pay its debts as they mature, or make an assignment for the benefit of creditors; or Borrower shall apply for or consent to the appointment of any receiver, trustee, or similar officer for it or for all or any substantial part of its property, or such receiver, trustee or similar officer shall be appointed without the application or consent of the Borrower and such appointment shall continue undischarged for a period of forty-five (45) days; or the Borrower shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction, or any such proceeding shall be instituted (by petition, application or otherwise) against the Borrower shall remain undismissed for a period of forty-five (45) days; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against a substantial part of the property of Borrower and such judgment, writ, or similar process shall not be released, vacated or fully bonded within forty-five (45) days after its issue or levy; or

Contest Loan. The validity or enforceability of this Agreement, the Note or any of the other Loan Documents shall be contested by Borrower or any stockholder of Borrower where Borrower shall deny that it has any further liability or obligation hereunder or thereunder.

Possession of Collateral. A judgment creditor of Borrower shall obtain possession of the Collateral by any means.

Section B. Remedies

If any Event of Default set forth herein shall occur, the Lender may, at its election, and without notice thereof (and the Borrower hereby authorizes it to) take any one or more of the following actions:

- exercise any or all of the rights and remedies accruing to a secured party under the UCC of any state having jurisdiction, and under any other applicable law;
- declare the entire principal amount of the Note and all accrued interest thereon due and payable whereupon such amount and interest shall be due and payable on the date of such declaration;
- proceed at law or in equity or otherwise to enforce the payment of the Loan in accordance with the terms hereof and of the Note and, if the outstanding principal amount of the Loan become due and payable pursuant to this Agreement or the Note, to foreclose the Lien of this Agreement in one or more proceedings or, to the extent permitted by law, in one or more public or private, judicial or nonjudicial sales of all or part of the Collateral, or any interest therein or proceed to take either of such actions;
- sell, assign, transfer and deliver the whole or, from time to time, any part of the Collateral or any interest in any part thereof, at private sale or public action, with or without demand, advertisement or notice (except as expressly provided for below in this Section), for cash or credit or for other property, for immediate or future delivery, and for such price or prices and on such terms as Lender in its sole discretion may determine, or as may be required by law. Lender shall give Borrower at least ten (10) days' written notice (which Borrower agrees is reasonable notification within the meaning of Section 9-504(3) of the UCC) of any public or private sale. The notice in case of public sale shall state the time and place fixed for such sale. Any such public sale shall be held at such time or times within ordinary business hours as Lender shall fix in the notice of sale. At any such sale the Collateral may be sold in one lot as an entirety or in separate parcels. Lender shall not be obligated to make any sale

pursuant to any such notice. Lender may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for such sale, and any such sale may be made at any time or place to which the same may be so adjourned without further notice or publication;

- require the Borrower to promptly execute and deliver to the Lender such instruments and other documents as the Lender may deem necessary or advisable to enable the Lender or an agent or representative designated by the Lender, at such time or times and place or places as the Lender may specify, to obtain possession of all or any part of the Railcars. If the Borrower shall for any reason fail to execute and deliver such instruments and documents promptly after such request by the Lender, the Lender may (a) obtain a judgment conferring on the Lender the right to immediate possession and requiring the Borrower to deliver such instruments and documents to the Lender, to the entry of which judgment the Borrower hereby specifically consents, and (b) to the extent permitted by applicable law, pursue all or part of the Railcars wherever it may be found and may enter any of the premises of the Lessee or the Borrower wherever the Railcars may be or be supposed to be and search for the Railcars and take possession of and remove the Railcars;

- from time to time, at the expense of the Borrower, make all such expenditures for maintenance, insurance and alterations, to and of the Railcars, as it may deem proper. In each such case, the Lender shall have the right to maintain, use, operate, store, lease, control or manage the Railcars and to carry on the business and to exercise all rights and powers of the Borrower relating to the Railcars, as the Lender shall deem reasonably appropriate, including the right to enter into any and all such agreements with respect to the maintenance, use, operation, storage, leasing, control or management of the Railcars or any part thereof as the Lender may determine, and the Lender shall be entitled to collect and receive all tolls, rents, revenues, issues, income, products and profits of the Railcars and every part thereof, without prejudice, however, to the right of the Lender under any provisions of this Agreement to collect and receive all cash held by, or required to be deposited with, the Lender hereunder. Such tolls, rents, revenues, issues, income, products and profits shall be applied to pay the expenses of the use, operation, storage, leasing, control or management of the Railcars and of conducting the business thereof, and of all maintenance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Lender may be required or may so elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Railcars or any part thereof; and

- employ counsel in connection with any of the foregoing and all of the attorneys' fees arising from such services and all expenses, costs and charges in any way or respect arising in connection therewith or relating thereto shall be payable by the Borrower on demand.

Section C. Application of Payments. Other than payments received by Borrower from Lender in accordance with the terms of this Agreement, all payments received by the Borrower in connection with or arising out of any of the Collateral shall be held by the Borrower in trust for the Lender, shall be segregated from other funds of the Borrower and shall forthwith upon receipt by the Borrower be turned over to the Lender, in the same form as received by the Borrower (duly indorsed by the Borrower to the Lender, if required); any and all such payments so received by the Lender (whether from the Borrower or otherwise) may, in the sole discretion of the Lender, be held by the Lender as collateral security for the Obligations, and/or then or at any time thereafter applied in whole or in part by the Lender against all or any part of the Obligations then due in such order as the Lender shall elect. Any balance of such payments held by the Lender shall be applied first to the payment of all of the Obligations in full, and the remainder shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive the same.

Section D. No Waiver. Each right, power and remedy of Lender provided for in this Agreement or

now or hereafter existing at law or in equity or by statute or otherwise (all of which rights, powers and remedies are hereby granted to Lender and assented to by Borrower) shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Lender of any one or more of the rights, powers or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise of any such right, power or remedy with respect to any part of the Collateral, shall not preclude the simultaneous or later exercise by Lender of any or all such other rights, power or remedies, or the simultaneous or later exercise by Lender of any such right, power or remedy with respect to any other part of the Collateral.

Section E. Purchase of Collateral by Lender. To the extent permitted by applicable law, the Lender may be a purchaser of the Collateral or any part thereof or any interest therein at any sale thereof, whether pursuant to foreclosure or power of sale or otherwise. The Lender may apply against the purchase price therefor the amount then due under the Note. The Lender or any nominee thereof shall, upon any such purchase, acquire good title to the property so purchased, free of the lien of this Agreement and, to the extent permitted by applicable law, free of all rights of redemption in or by the Borrower.

ARTICLE SIX: CLOSING

Section A. Date

The closing ("Closing") of the Loan shall take place at the offices of Borrower or at such other location agreed upon by the parties upon the date for Closing specified in the Sale Agreement (the "Closing Date").

Section B. Documents to be Delivered to the Lender

At the Closing, the Borrower shall deliver to the Lender the following documents, each dated as of the Closing Date unless otherwise herein indicated, in form and substance satisfactory to the Lender and its counsel, unless waived:

Charter Documents. A copy of the Articles of Incorporation of Borrower, as amended, certified not more than ten (10) days prior to the Closing by the Secretary of State of California, together with the certificate of the Secretary or Assistant Secretary of Borrower dated the Closing Date to the effect that the foregoing Articles of Incorporation have not been amended since the date of the aforesaid certification and certifying a copy of the Corporate By-Laws of Borrower as being a true, correct and complete copy thereof as of the Closing Date.

Corporate Resolutions. Copies of the resolutions of the Board of Directors of Borrower authorizing and approving the execution, delivery and performance of this Agreement and the other Loan Documents and the transactions contemplated thereby and hereby certified by the Secretary or Assistant Secretary of Borrower.

Good Standing Certificate. Certificate of Good Standing from the Secretary of State of New York certifying the existence and good standing of Borrower under the laws of such State.

Incumbency of Officers. A certificate of the Secretary or an Assistant Secretary of Borrower as to the identity and incumbency of the officers of Borrower authorized to sign this Agreement and the other Loan Documents together with specimen true signatures of such officers.

Note. The Note in the principal amount of the Loan drawn to the order of the Lender or its

designated nominee, if any, duly executed by the Borrower.

UCC Financing Statements. UCC Financing Statements relating to the other Collateral in form and substance satisfactory to Lender.

Insurance Certificates. Certificates evidencing the insurance required by Section D of Article Four hereof.

Officer's Certificate. A certificate, dated the Closing Date and signed by the President or any Vice President of the Borrower, to the effect that the Railcars being financed by the Loan has been delivered to Lessee and accepted by the Borrower and Lessee in the condition the Railcars is in as of the Closing Date; the Borrower has valid and legal title to, and is the lawful owner of such Railcars, free and clear of all Liens arising by, through or under Borrower and except the liens and security interests created by this Agreement.

Other Documents. Such other documents, agreements or certificates as the Lender or its counsel may request.

ARTICLE SEVEN: MISCELLANEOUS

Section A. Remedies Cumulative; No Waiver.

The remedies herein provided are cumulative and not exclusive of any remedies provided by law. No failure or delay on the part of the Lender or any holder of the Note in exercising any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

Section B. Severability.

Any provision of this Agreement which is prohibited and unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section C. Entire Agreement; Amendments

This Agreement and the instruments referred to herein constitute the entire agreement of the parties hereto with respect to the subject matter hereof.

No amendment, modification, termination, or waiver of any provision of this Agreement or of the Note nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

Section D. Notices

All notices, requests, demands and other communications provided for hereunder shall be in writing and sent by nationally recognized overnight courier or faxed, in each case with delivery

confirmation, addressed to the parties as follows:

To Lender: Compass Rail II
750 Battery Street, Suite 430
San Francisco, CA 94111
Attention: Mark S. Maymar, E.V.P.
Tel: 415-392-4900
Fax: 415-392-9142

with a copy to:

Peter Urban, V.P. Rail Marketing
Compass Capital Corporation
400 Skokie Boulevard, Suite 385
Northbrook, IL 60062
Tel: 847-509-1172
Fax: 847-509-1174

To Borrower: Greenway Equipment, Ltd.
261 West Johnstown Road
Columbus, OH 43230
Attention: Charles Slane
Tel: 614-475-3331
Fax: 614-475-3319

or, as to each party, at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section.

Section E. Binding Effect

This Agreement shall be binding upon and inure to the benefit of the Borrower and the Lender and their respective successors and assigns. The Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lender.

The Lender shall have the right to assign all or any part of its obligations to make the loan to any affiliate, subsidiary or any Person. In the event of such assignment by the Lender, the assignee in addition to the Lender, shall be deemed to have been named the "Lender" in the first paragraph of this Agreement and all representations, warranties and covenants of the Borrower made herein or any other Loan Document shall be deemed to have been made to and shall inure to the benefit of such assignee.

Section F. Execution in Counterparts

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

Section G. Reference to Headings

The headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

Section H. Release of Lien

Upon payment in full of the Obligations, the security interest granted by Borrower herein shall terminate, and the Lender agrees to execute such documents and take such other actions, at the sole expense of the Borrower and as may be reasonably requested by the Borrower, in order to evidence the discharge of the Note and the security interests granted hereby.

Section I. Attorney-in-Fact

The Borrower does hereby constitute the Lender its true and lawful attorney, irrevocably, with full power (in the name of the Borrower or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all payments due and to become due under or arising out of this Agreement and upon the occurrence of any Event of Default hereunder and for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of the lien of this Agreement, whether pursuant to foreclosure or power of sale or otherwise, and to execute and deliver all such bills of sale, assignments and other instruments as the Lender may consider necessary or appropriate, with full power of substitution. If so requested by the Lender or any purchaser, the Borrower shall ratify and confirm any such sale, assignment, transfer or delivery by executing and delivering to the Lender or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

Section J. Governing Law; Forum

The Loan Documents shall be deemed to be contracts made under the laws of, executed, and delivered in the State of New York and for all purposes shall be construed in accordance with the laws of said State. The Borrower agrees (a) that any suit, action, or proceeding pertaining to this Agreement may be instituted in the Courts of the State of New York or the United States District Court for the Southern District of Ohio, Western Division, and (b) irrevocably and unconditionally submits and consents to the jurisdiction and venue of any such court for such purpose. Borrower hereby irrevocably appoints CT Corporation System, and its duly constituted successor(s), if any, as the agent for service of process in any proceeding instituted hereunder and Borrower agrees that service of process upon such agent, in accordance with the then-prevailing and applicable law as hereinabove agreed to, with a copy of such summons or other instrument mailed to the Borrower in the manner specified in Section D of Article Seven hereof, shall, upon receipt by Borrower, constitute proper service on Borrower for all purposes without objections of any kind whatsoever.

Section K. Expenses

Borrower shall reimburse Lender for all third-party fees and disbursements which shall have been incurred by Lender in connection with the preparation, negotiation, review, execution and delivery of the Loan Documents and the handling of any other matters incidental thereto, and for all UCC and Surface Transportation Board search fees conducted by Lender or Lender's counsel but in no event in excess of \$2,500.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Security Agreement to be duly executed and delivered by their proper and duly authorized officers, effective as of the date first above written.

LENDER:
COMPASS RAIL II

By: _____
Name: _____
Title: _____

STATE OF CALIFORNIA)
SS: _____
COUNTY OF SAN FRANCISCO)

BEFORE ME, the Subscriber, a Notary Public in and for said County and State, personally appeared _____ of Compass Capital Corporation, the corporation which executed the foregoing instrument, who acknowledged he did sign said instrument as such officer on behalf of said corporation, and by authority of its Board of Directors, and that the execution of said instrument is his free and voluntary act and deed individually and as such officer, and the free and voluntary act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed by Notarial Seal this ____ day of October 2003.

Notary Public _____

BORROWER:
GREENWAY EQUIPMENT, LTD.)
By its Manager: _____

By: _____
Name: _____
Title: _____

STATE OF [NEW YORK])
SS: _____
COUNTY OF _____

BEFORE ME, the Subscriber, a Notary Public in and for said County and State, personally appeared _____ of Greenway Equipment, Ltd., the corporation which executed the foregoing instrument, who acknowledged he did sign said instrument as such officer on behalf of said corporation, and by authority of its Board of Directors, and that the execution of said instrument is his free and voluntary act and deed individually and as such officer, and the free and voluntary act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed by Notarial Seal this ____ day of October 2003.



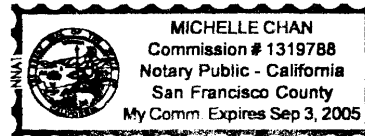
CAROLYN M. KINFORD
Notary Public, State of Ohio
My Commission Expires Oct. 22, 2004

543764

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Security Agreement to be duly executed and delivered by their proper and duly authorized officers, effective as of the date first above written.

LENDER:
COMPASS RAIL II

By: Ben J. Assaf
Name: Ben J. Assaf
Title: Executive Vice President



STATE OF CALIFORNIA)
SS:)
COUNTY OF SAN FRANCISCO)

BEFORE ME, the Subscriber, a Notary Public in and for said County and State, personally appeared Ben J. Assaf, EXP of Compass Capital Corporation, the corporation which executed the foregoing instrument, who acknowledged he did sign said instrument as such officer on behalf of said corporation, and by authority of its Board of Directors, and that the execution of said instrument is his free and voluntary act and deed individually and as such officer, and the free and voluntary act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed by Notarial Seal this 13th day of October 2003.

Notary Public

Michelle Chan

BORROWER:
GREENWAY EQUIPMENT, LTD.
By its Manager: _____

By: _____
Name: _____
Title: _____

STATE OF [NEW YORK])
SS:)
COUNTY OF _____)

BEFORE ME, the Subscriber, a Notary Public in and for said County and State, personally appeared _____ of Greenway Equipment, Ltd., the corporation which executed the foregoing instrument, who acknowledged he did sign said instrument as such officer on behalf of said corporation, and by authority of its Board of Directors, and that the execution of said instrument is his free and voluntary act and deed individually and as such officer, and the free and voluntary act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed by Notarial Seal this ____ day of October 2003.

Notary Public

Loan and Security Agreement
Compass Rail II

543764

EXHIBIT A TO LOAN AND SECURITY AGREEMENT
SECURED PROMISSORY NOTE

REDACTED AS CONFIDENTIAL
By THE PARTIES